98-84325-7

Goding, Marshall Rood

Method of relieving the U.S. government of its...

Portland, Me.

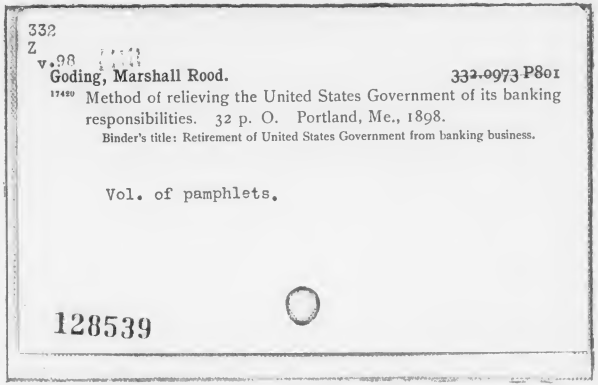
1898

98-84325-7
MASTER NEGATIVE #

COLUMBIA UNIVERSITY LIBRARIES
PRESERVATION DIVISION

BIBLIOGRAPHIC MICROFORM TARGET

ORIGINAL MATERIAL AS FILMED - EXISTING BIBLIOGRAPHIC RECORD


332
Z
v.98
Goding, Marshall Rood. 332.0973 P801
17480 Method of relieving the United States Government of its banking responsibilities. 32 p. O. Portland, Me., 1898.
Binder's title: Retirement of United States Government from banking business.
Vol. of pamphlets.
128539

RESTRICTIONS ON USE: *Reproductions may not be made without permission from Columbia University Libraries.*

TECHNICAL MICROFORM DATA

FILM SIZE: 35mm REDUCTION RATIO: 11:1 IMAGE PLACEMENT: IA (IIA) IB IIB

DATE FILMED: 2-4-98 INITIALS: PB

TRACKING # : Z9946

FILMED BY PRESERVATION RESOURCES, BETHLEHEM, PA.

BIBLIOGRAPHIC IRREGULARITIES

MAIN ENTRY: Goding, Marshall Rood

Method of relieving the U.S. government of its banking responsibilities

Bibliographic Irregularities in the Original Document:

List all volumes and pages affected; include name of institution if filming borrowed text.

_____ Page(s) missing/not available: _____

_____ Volume(s) missing/not available: _____

__X__ Illegible and/or damaged page(s): p. 20 "of" crossed out

_____

_____ Page(s) or volume(s) misnumbered: _____

_____ Bound out of sequence: _____

_____ Page(s) or volume(s) filmed from copy borrowed from: _____

_____

_____ Other: _____

_____

__X__ Inserted material: "Errata" between cover and title page

TRACKING#: MSH29946

P13
11
332
Z
98
No. 11

RETIREMENT

OF

United States Government

FROM

BANKING BUSINESS.

LIBRARY OF
THE REFORM CLUB
SOUND CURRENCY COMMITTEE.
52 William St., New York.

ERRATA.

On page 17, Sec. 18, third line, the word *bank* should be *banks*, and in the fourth line, the word *is* should be *are*.

On page 20, seventh line, omit the word *of*.

METHOD

OF RELIEVING THE

United States Government

OF ITS

BANKING RESPONSIBILITIES.

PROPOSED BY

MARSHALL R. GODING,

CASHIER, CASCO NATIONAL BANK,

PORTLAND, MAINE.

SEPTEMBER, 1898.

George D. Loring,
Printer,
Portland, Me.

U. S. BANKING SUBSTITUTE.

The following proposed amendment to the "National Bank Act" is believed to be adequate to the requirements of relieving the United States Treasury of the burden of currently redeeming its notes, and of their ultimate payment without direct cost to the Government; also of maintaining the parity of its gold and silver coinage. The result sought is to be attained through a corporation organized under United States law for the purpose of issuing and redeeming all paper money to be used in the United States; of establishing and maintaining a sufficient redemption fund for the redemption of all outstanding paper money, and such as may be issued by it in the future; of exchanging United States gold coins for United States silver coins, and vice versa, thus maintaining their parity; and of issuing its circulating notes to national banks on security of United States bonds.

The corporation is to be managed, subject to law, by those national banks which are the most vitally interested in the uniformity, stability and goodness of all United States money. The co-operation of such banks may be naturally expected because of this interest; and furthermore, because they are not required to assume any direct financial responsibility in that connection.

The Redemption Fund to be established is the important feature of the proposed plan. The minimum amount of this Fund is placed at 35 per cent. of outstanding liability, and would mean about $350,000,000 in market bullion value of gold and United States silver dollars, on the basis of the present amount (about $1,000,000,000) of outstanding redeemable currency. At its minimum, the Redemption Fund would contain not less than $200,000,000 in gold. Through the operation of the provisions in the plan, the gold part of the Fund would be probably about $500,000,000 under normal conditions. A great assistance would be had in maintaining the Fund if all national banks were required to keep their lawful money reserve, which is now required to be kept in their own vaults, in the circulating notes of the proposed Currency Bureau. This would release to the Redemption Fund all gold and silver thus held, and

the circulating notes of the Bureau being redeemable in gold on demand, in most of the reserve cities in the country, would furnish a more convenient and equally valuable form of legal-tender money.

Should the other means provided in the proposed plan fail to establish and maintain the Redemption Fund as required by law, the National Currency Bureau is authorized to sell its bonds, and thus procure redemption funds needed. This is a precautionary provision which it is believed will need be rarely, if ever, employed. The feature of the proposed plan which is expected to be most effectual in preventing the Redemption Fund from being depleted below a safe limit, is practically the same means employed by the Bank of England, when it raises its discount rate to protect its reserve, namely,—the varying charge to national banks for circulation issued to them in correspondence with any decided fluctuation in the total amount of the Redemption Fund.

The lowest charge on circulation is five cents per day per one thousand dollars, or 1.82½% per annum, when the Redemption Fund is in excess of 40% of liability. It would require a withdrawal of about $20,000,000 in gold from the Redemption Fund, on the present basis of outstanding circulation, before the charge would be raised to eight cents per day, or about

3% per annum; and so on throughout the scale of rates, increasing about 1% per annum with each withdrawal of $20,000,000, until the maximum rate of seventeen cents is reached upon withdrawals of upwards of $80,000,000.

The minimum rate of five cents per day could be well afforded by the banks, in ordinary times, because they would receive 90% in currency, of market value of bonds deposited instead of 90% of par value; the currency received would be full legal-tender, instead of limited legal-tender; they would not be called upon for its redemption, and need retire it only when unprofitable to them; they would have no five per cent. redemption fund to maintain, and the currency received would count as lawful money reserve.

The receiving and retiring of circulating notes promptly by the banks would be a great advantage to them, and tend in a large measure to render the circulation elastic, or conformable in volume to the needs of commerce. The present methods are slow, inconvenient, and expensive. The proposed circulation would be ready for immediate use, requiring no signing and other preparation for issuance; and no accounts would have to be kept of it by the banks except as regarded its total of value.

The amount of income received from national banks on account of circulation would be considerable, and increase as advantage was taken of the favorable conditions attending the obtaining of circulation under the new law. On the basis of present outstanding bank notes, the income at the lowest rate would be about $4,000,000 a year. After paying operating expenses, there should remain a large sum applicable to the final retirement of United States notes.

The management of the Bureau charged with thus relieving the Government of its banking responsibilities, would be almost entirely executive of the law controlling the operations of the Bureau, and therefore not liable to the antagonism and jealousies of other banking interests any more than is the present Comptroller of the Currency's Bureau.

The circulating notes proposed to be issued and the bonds of the Bureau if any were issued, would all have an equal face value in full legal-tender United States money or United States bonds at 90% of their market value, on deposit to secure their redemption; and of the total cash value of such deposits, at least 35% of outstanding circulation would consist of gold and United States silver dollars at their intrinsic value as bullion.

The benefit to the Government of the following plan, would be in its relief, without any expense to it, from and direct financial responsibility for the current redemption of United States money, and the maintenance of the parity of its gold and silver coinage.

The proposition here submitted is an endeavor to formulate a practical method of taking the Government out of the banking business without any increase of the public debt, or any disturbance of business pending its inauguration.

AN ACT

To amend the National Bank Act and other laws relating to National Banks, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

Sec. 1. There shall be in the Department of the Treasury a Bureau charged with the execution of all laws passed by Congress relating to the regulation of national banks; the chief officer of which Bureau shall be called the Comptroller of National Banks, and shall perform his duties under the direction of the Secretary of the Treasury.

Sec. 2. The Comptroller of National Banks shall be appointed by the President, on recommendation of the Secretary of the Treasury, by and with the advice and consent of the Senate, and shall hold his office for the term of five years, unless sooner removed by the President, upon reasons to be communicated by him to the Senate; and he shall be entitled to a salary of five thousand dollars a year.

SEC. 3. The Comptroller of National Banks shall, within fifteen days from the time of notice of his appointment, take and subscribe the oath of office; and he shall give to the United States a bond in the penalty of one hundred thousand dollars, with not less than two responsible sureties, to be approved by the Secretary of the Treasury, conditioned for the faithful discharge of the duties of his office.

SEC. 4. There shall be in the Bureau of the Comptroller of National Banks, a Deputy Comptroller of National Banks, to be appointed by the Secretary, who shall be entitled to a salary of two thousand five hundred dollars a year, and who shall possess the power and perform the duties attached by law to the office of Comptroller during a vacancy in the office or during the absence or inability of the Comptroller, The Deputy Comptroller shall also take the oath of office prescribed by the Constitution and laws of the United States, and shall give a like bond in the penalty of fifty thousand dollars.

SEC. 5. The Comptroller of National Banks shall employ, from time to time, the necessary clerks, to be classified by the Secretary of the Treasury, to discharge such duties as the Comptroller may direct.

SEC. 6. It shall not be lawful for the Comptroller or Deputy Comptroller of National Banks, either directly

or indirectly, to be interested in any banking association organized under the laws of the United States.

SEC. 7. The seal devised by the Comptroller of National Banks for his office and approved by the Secretary of the Treasury, shall continue to be the seal of office of the Comptroller, and may be renewed when necessary. A description of the seal with an impression thereof, and a certificate of approval of the Secretary of the Treasury, shall be filed in the office of the Secretary of State.

SEC. 8. There shall be assigned from time to time, to the Comptroller of National Banks, by the Secretary of the Treasury, suitable rooms in the Treasury building for conducting the business of the Banking Bureau, containing safe and secure fire-proof vaults in which the Comptroller shall deposit and safely keep all records and all other valuable things belonging to his department; and the Comptroller shall from time to time furnish the necessary furniture, stationery, fuel, lights, and other proper conveniences for the transaction of the business of his office.

SEC. 9. The Comptroller of National Banks, in addition to the powers conferred upon him by law for the examination of national banks, is further authorized, whenever he may deem it useful, to cause examination to be made into the condition of any bank in

the District of Columbia organized under Act of Congress. The Comptroller, at his discretion, may report to Congress the result of such examination. The expense necessarily incurred in any such examination shall be paid out of any appropration made by Congress for special bank examinations.

SEC. 10. The Comptroller of National Banks shall make an annual report to Congress at the commencement of its session, exhibiting:—

FIRST. A summary of the state and condition of every association from which reports have been received the preceding year, at the several dates to which such reports refer, with an abstract of the whole amount of banking capital returned by them, of the whole amount of their debts and liabilities, the amount of circulating notes outstanding, and the total amount of means and resources, specifying the amount of lawful money held by them at the times of their several returns, and such other information in relation to such associations as, in his judgment, may be useful.

SECOND. A statement of the associations whose business has been closed during the year, with the amount of their indebtedness and dividends, if any, paid in liquidation.

THIRD. Any amendment to the laws relative to banking by which the system may be improved, and

the security of its creditors and stockholders may be increased.

FOURTH. A statement exhibiting under appropriate heads, the resources and liabilities and conditions of the banks, banking companies, and savings banks organized under the laws of the several States and Territories; such information to be obtained by the Comptroller from reports made by such banks, banking companies, and savings banks to the legislatures or officers of the different States and Territories; and where such reports cannot be obtained, the deficiency to be supplied from such other authentic sources as may be available.

FIFTH. The names and compensation of the clerks employed by him, and the whole amount of the expenses of the banking department during the year.

SEC. 11. When the annual report of the Comptroller of National Banks upon the national banks and banks under State and Territorial laws is completed, or while it is in process of completion, if thereby the business may be sooner dispatched, the work of printing shall be commenced, under the superintendence of the Secretary, and the whole shall be printed and ready for delivery on or before the first day of December next after the year to which the report relates.

SEC. 12. The chief officer of the Bureau in the Treasury Department charged with the execution of all laws relating to national banks shall be hereafter called and known as the Comptroller of National Banks. The designation "Comptroller of the Currency" as used in the "National Bank Act" and other laws relating to national banks passed by Congress prior to the taking effect of this Act, and the designation Comptroller of National Banks as used herein shall be construed to mean one and the same official.

SEC. 13. The national banks in the seven reserve cities having the largest amount of national banking assets, as shown by the annual reports of the Comptroller of National Banks, are hereby authorized and required, on or before July 1st, 1899, to establish a Redemption Fund for the redemption and interchanging of all kinds of money issued and outstanding, or that may be hereafter issued as legal-tender money by authority of the United States laws. The Redemption Fund shall be established and maintained in the manner herein provided.

SEC. 14. The charge and control of the Redemption Fund hereby established, shall be vested in what shall be known as the National Currency Bureau, and when said Bureau is duly organized by the election of a Board of Directors, as herein provided, and has received a certificate of authority from the Comptroller of National Banks to commence the business of issuing and redeeming circulating notes and interchanging money according to the provisions of this Title, the Bureau shall become, as from the date of the Comptroller's certificate, a body corporate, and as such, and in the name of the National Currency Bureau, it shall have power:—

FIRST. To adopt and use a corporate seal.

SECOND. To have succession until dissolved by Congress.

THIRD. To make Contracts.

FOURTH. To sue and be sued, complain and defend, in any court of law or equity, as fully as natural persons.

FIFTH. To appoint, by its board of directors, a president, vice-president, cashier, and other officers, define their duties, require bonds of them and fix the penalty thereof, dismiss such officers or any of them at pleasure, and appoint others to fill their places.

SIXTH. To prescribe, by its board of directors, by-laws, not inconsistent with law, regulating the manner in which its business shall be conducted.

SEVENTH. To exercise by its board of directors or duly authorized officers or agents, subject to law, all such incidental powers as shall be necessary to carry

on the business of issuing and redeeming circulating notes, exchanging United States money, and establishing and maintaining a Redemption Fund according to the provisions of this Title.

SEC. 15. The Bureau may purchase, hold and convey only such real estate as shall be necessary for its immediate accommodation in the transaction of its business.

SEC. 16. In all elections of directors of the National Currency Bureau, each national bank, in the seven reserve cities having the largest amount of national banking assets, as shown by the Comptroller of National Banks' last annual report, shall be entitled to one vote for one director to represent the particular reserve city in which the voting bank is located. Each national bank in said cities shall vote by proxy duly authorized in writing.

SEC. 17. The affairs of the Bureau shall be managed by seven directors, who shall be elected, one from each of the seven reserve cities hereinbefore specified, by the national banks, at a meeting therein to be held at any time before the Bureau is authorized by the Comptroller of National Banks to commence business; and afterward at meetings to be held the second Tuesday in January of each year. The term of office of the directors elected at the first January election shall

be as follows:—the directors elected from the three largest reserve cities shall hold office for three years; the directors from the two next largest reserve cities shall hold office for two years, and the remaining two directors shall hold office for one year. Thereafter all Directors shall be elected and hold office for three years, and until their successors are elected and have qualified.

SEC. 18. Every director must, during his whole term of service, be a citizen of the United States, and be a resident of the city wherein the bank electing him is located. Every Bureau Director must be a director of some national banking association in the city from which elected. Any Bureau Director who ceases to be a resident of the city wherein elected, or who becomes in any other manner disqualified, shall thereby vacate his place.

SEC. 20. Each Director when elected, shall take an oath that he will, so far as the duty devolves on him, diligently and honestly administer the affairs of the Bureau, and will not knowingly violate or willingly permit to be violated, any of the provisions of this Title, and that he is a resident of the city wherein elected and a director of a national banking association therein. Such oath, subscribed by the director making it, and certified by the officer before whom it is taken,

shall be immediately transmitted to the Comptroller of National Banks, and shall be filed and preserved in his office.

SEC. 20. Any vacancy in the board shall be filled by an election by the banks whose representative has vacated his place, and any director thus elected shall hold his office for the unexpired term of the former incumbent.

SEC. 21. One of the directors to be chosen by the board, shall be the president of the board.

SEC. 22. The Redemption Fund herein authorized and required to be established by the National Currency Bureau, shall consist of not less than thirty-five per centum in gold coin and bullion and United States silver dollars, all at their market value, of the face value of all lawfully issued money outstanding, which was issued by authority of United States laws, and which is of less intrinsic or market value than United States gold coin. Of the said thirty-five per centum, not less than twenty per centum shall consist of gold coin and gold bullion.

SEC. 23. When the Comptroller of National Banks issues his certificate to the National Currency Bureau authorizing it to commence business, he shall, at the same time, send a duplicate thereof to the Secretary of the Treasury, who shall forthwith, deliver to said

Bureau all the gold coin, gold bullion and United States silver dollars and silver bullion in the Treasury, and receive therefor a receipt of the National Currency Bureau which shall include in its amount the so-called gold reserve of $100,000,000, the amount of outstanding gold certificates and silver certificates and Treasury Notes of 1890, not in the United States Treasury as part of its cash balance. This National Currency Bureau receipt shall stipulate that the amount thereof will be paid to the Secretary of the Treasury in gold certificates, silver certificates, United States notes, and Treasury notes of 1890, in sums of $10,000, or multiples thereof, as fast as said kinds of money are received into the Bureau through its redemption and exchanging operations, or otherwise; and the Secretary shall cause to be canceled and destroyed in the usual manner, all gold and silver certificates, United States notes and Treasury notes of 1890, paid on account of the receipt aforesaid. The balance of the funds thus transferred by the Secretary to the Bureau, or the amount in excess of the sum covered by the receipt above mentioned, shall be paid to the Secretary in National Currency notes hereinafter provided.

SEC. 24. The Secretary of the Treasury is hereby authorized and directed to exchange at the National Currency Bureau, or any of its branch offices, all the

existing forms of money, (exclusive of minor coins) now lawfully issued in the United States, which are now in, or may be hereafter received into the Treasury, for National Currency notes, in sums of $10,000, or multiples thereof. And thereafter the National Currency Bureau, shall on demand:—

FIRST. Pay out United States gold or silver coin in exchange for any form of money now lawfully existing by authority of United States laws. The persons presenting such money for exchange shall have the privilege of electing which kind of coin they shall receive.

SECOND. Issue National Currency notes for any kind of money lawfully issued in the United States, when this Act shall take effect.

THIRD. Redeem National Currency notes, at the option of the holder thereof, in United States gold coin or in United States silver coin.

SEC. 25. The Comptroller of National Banks is hereby authorized and directed, immediately after issuing to the National Currency Bureau the certificate authorizing the commencement of business, to assign in trust to said Bureau, all United States Bonds pledged by national banks as security for their circulating notes. And the United States Treasurer is hereby authorized and directed to deliver such bonds

to the said Bureau. The Treasurer shall be given by the Bureau, a receipt for said bonds in the sum of the amount of the outstanding national bonk notes secured by same. The receipt shall stipulate that the amount thereof shall be paid to the Treasurer in national bank notes, in sums of $10,000 or multiples thereof, as fast as said notes are received by the Bureau in any of its transactions; and notes thus paid to the Treasurer shall thereupon be canceled and destroyed in the usual manner. And thereafter the National Currency Bureau shall redeem all outstanding national bank notes on demand, in United States legal-tender coin or National Currency notes as the holder of said bank notes may elect.

SEC. 26. The Treasurer of the United States is hereby authorized and directed to transfer to the National Currency Bureau, all funds held by him, which were deposited by national banks for the retirement of all or any part of their circulating notes, and thereafter such notes shall be redeemed by said Bureau in the same manner as herein provided for the redemption of other outstanding national bank notes. The Treasurer shall take a receipt for the funds thus transferred similar in form and terms to that taken to cover the transfer of United States bonds securing national bank notes.

SEC. 27. In order to furnish suitable notes for circulation, the National Currency Bureau shall cause plates and dies to be engraved, in the best manner to guard against counterfeiting and fraudulent alterations, and shall have printed therefrom and numbered, such quantity of circulating notes of the denominations of one dollar, two dollars, five dollars, ten dollars, twenty dollars, fifty dollars, one hundred dollars, five hundred dollars, and one thousand dollars, as may be required to supply the demand for same. Such notes shall express upon their face that they are secured by United States bonds, and legal-tender money held on deposit to ensure the payment of same, and shall also express on their face the promise of the National Currency Bureau to pay on demand in United States gold or silver coins at the option of the holder thereof; attested by the written or engraved signatures of the President, or Vice-President, and Treasurer, and by the imprint of the seal of said Bureau; and shall bear such devices and such other statements, and shall be in such form as the Directors of said Bureau shall, by regulation, direct. The notes thus issued shall be a full legal-tender in payment of all debts public and private, so long as they shall be currently redeemed in United States gold or silver coins as hereinbefore provided.

SEC. 28. Upon a deposit of United States interest-bearing registered bonds by any national banking association with the National Currency Bureau, the association making the same shall be entitled to receive from said Bureau, its circulating notes of such authorized denominations as they may desire, registered and countersigned as herein provided, equal in amount to ninety per centum of the current market value of the United States bonds so transferred and delivered.

SEC. 29. All transfers of United States bonds made by any association under the provisions of this Title, shall be made to the National Currency Bureau in trust for the association making the deposit. A receipt shall be given to the association by the Bureau, stating that the bonds are held in trust for the association on whose behalf the transfer is made, and as security for the redemption and payment of any circulating notes that have been, or may be, delivered to such association. No assignment, or transfer, of any such bonds shall be deemed valid unless countersigned by the Comptroller of National Banks.

SEC. 30. The Comptroller of National Banks shall keep in his office a book in which he shall cause to be entered immediately upon countersigning it, every assignment and transfer by the Bureau of any bonds

belonging to a national banking association presented for his signature. He shall state in such entry the name of the association from whose account the transfer is made, the name of the party to whom it is made, and the par value of the bonds transferred.

SEC. 31. The Comptroller of National Banks shall immediately upon countersigning and entering any transfer or assignment by the Bureau, of any bonds belonging to a national banking association, advise by mail the association from whose account the transfer is made, of the kind and numerical designation of the bonds, and the amount thereof transferred.

SEC. 32. Every association having bonds deposited in the National Currency Bureau shall, once or oftener in each fiscal year, examine and compare the bonds pledged by the association with the books of the Bureau and the accounts of the association, and if they are found correct, to execute to the Bureau a certificate setting forth the different kinds and the amounts thereof, and that the same are in the possession and custody of the Bureau at the date of the certificate. Such examination shall be made at such time or times, during the ordinary business hours, as the Bureau and association may select, and may be made by an officer or agent of such association, duly appointed in writing for that purpose; and his certificate before mentioned

shall be of like force and validity as if executed by the president or cashier. A duplicate of such certificate, signed by the Bureau, shall be retained by the association.

SEC. 33. The bonds transferred to and deposited with the bureau by any association, for the security of circulating notes delivered to it, shall be held exclusively for that purpose, until such notes are redeemed, except as provided in this Title. The Bureau shall give to any such association powers of attorney to receive and appropriate to its own use the interest on bonds which it has so transferred to the Bureau; but such powers shall become inoperative whenever such association fails to comply with any of the provisions of this Title. Whenever the market or cash value of any bonds thus deposited with the Bureau, is reduced below the amount required as security for the circulation issued on account of the same, the Bureau may demand and receive the amount of such depreciation in other United States bonds at cash value, or in money, from the association, to be deposited with the Bureau as long as such depreciation continues. And the Bureau shall permit an exchange to be made of any of the bonds deposited by any association, for other bonds of the United States authorized to be received as security for circulating notes; and said Bur-

eau shall return the bonds to the association which transferred the same, in sums of not less than one thousand dollars, upon the surrender to it of a proportionate amount of circulating notes, which shall then be canceled: Provided, That the remaining bonds which shall have been transferred by the association offering to surrender circulating notes, are equal to the amount required for the circulating notes not surrendered by such association, and that there has been no violation by the association of any of the provisions of this Title. Upon the failure of any association to make good any depreciation in market or cash value of bonds deposited, with additional bonds or cash as herein provided, the Bureau shall sell at public auction, having given twenty days notice thereof in one daily newspaper printed in the place where the sale is to take place, and one printed in New York City, an amount of the bonds deposited by that association as security for circulation, equal to the circulation required to be withdrawn from the association and not returned in compliance with such demand; and it shall, with the proceeds, redeem and cancel so many notes as will equal the amount required and not returned; and shall pay the balance, if any, to the association.

SEC 34. Hereafter no person, firm, association or corporation, shall issue post-notes or any other notes

to circulate as money, other than such as are hereby authorized to be issued by the National Currency Bureau.

SEC. 35. The business of the National Currency Bureau shall be transacted at a principal office or banking-house in the City of New York, and at branch offices or banking houses in each legally designated reserve city in the United States: Provided, That where there is more than one reserve city in a State, the Bureau is required to establish an office only in that city in such State which has the largest amount of banking assets.

SEC. 36. To provide means with which to erect suitable buildings wherein the business of the Bureau may be properly conducted, said Bureau is hereby authorized to issue its capital stock from time to time to an amount not exceeding five million dollars, and use the proceeds of such stock solely for the purpose of purchasing land and erecting thereon buildings to be used by the Bureau exclusively for its offices or banking houses, and for properly equipping said offices as required for the transaction of its business.

SEC. 37. The capital stock shall be divided into shares of one thousand dollars each, and shall be offered for sale by subscription, at not less than par, under such regulations as the directors of the Bureau may

prescribe. The shares shall be entitled to dividends semi-annually, at the rate of six per centum per annum from the income of the Bureau, and the shares shall be free from all taxes whatsoever; but the real estate represented by such shares, shall be subject to local taxation the same as other real estate in the city wherein it is located.

SEC 38. To further provide for the establishment and maintenance of the redemption fund, the National Curency Bureau is hereby authorized to issue from time to time, its bonds, on such time, not exceeding thirty years, and at such rate of interest, not exceeding three per centum per annum, as the Bureau may determine. Such bonds shall not be issued unless the redemption fund is less in amount than thirty-six per centum of outstanding redeemable currency, and the total amount of bonds issued at any one time shall be limited so that the proceeds thereof when deposited in the redemption fund, shall not cause such fund to be in excess of forty per centum of outstanding redeemable currency.

SEC. 39. The bonds hereby authorized shall be designated National Currency Redemption Fund Bonds, and shall be payable when due, from the redemption fund, in United States gold or silver coin, at the option of the holder of such bonds. The interest

on such bonds shall be payable in like coin from the income of the Bureau. The bonds shall express on their face the promise of the Bureau to pay as herein required, and shall bear such other statements and conditions as the Bureau may direct. The bonds shall be sold by public subscription to the highest bidders; but at a price not less than par.

SEC. 40. The National currency Bureau is hereby authorized and empowered to charge and collect semi-annually from all National banks obtaining circulation from it as herein provided, at the rate of five cents per day per one thousand dollars, from the time such circulation is issued by said Bureau until it is surrendered thereto, when the redemption fund is in excess of forty per centum of redeemable currency liability; at the rate of eight cents per day per one thousand dollars when the redemption fund is in excess of thirty-nine per centum, and not exceeding forty per centum of such liability; at the rate of eleven cents per day per one thousand dollars when the redemption fund is in excess of thirty-eight per centum, and not exceeding thirty-nine per centum of such liability; at the rate of fourteen cents per day per one thousand dollars when the redemption fund is in excess of thirty-seven per centum and not exceeding thirty-eight per centum of such liability; and at

the rate of seventeen cents per day per one thousand dollars when the redemption fund is not in excess of thirty-seven per centum of such liability.

SEC. 41. All national banks shall keep in National Currency notes exclusively, that part of their lawful money reserve which existing law now requires shall be kept in their own vaults.

SEC. 42. The income of the National Currency Bureau received from national banks on account of circulation issued to them as herein provided, shall be used in paying the reasonable and necessary expenses of operating the Bureau, including the cost of issuing and redeeming its notes, issuing its redemption fund bonds and paying the interest thereon, and paying dividends on the capital stock of said Bureau. Any balance of income remaining after making such payments shall be paid to the Treasurer of the United States in United States notes or Treasury notes of 1890, who shall thereupon cancel and destroy the same in the usual manner.

SEC. 43. The directors of the National Currency Bureau shall be entitled to a salary of five thousand dollars a year each, from the income of the Bureau, and no more. The chief executive officer, to be appointed by the directors, shall receive a salary of ten thousand dollars a year, and he shall be required to

give to the Bureau a satisfactory bond in the penalty of not less than one hundred thousand dollars, conditioned for the faithful discharge of the duties of his office. All other officers, clerks and employees of the Bureau shall receive such compensation for services and give such bonds for faithful performance of duties as the directors shall by regulation, direct. The names and compensation of all persons employed by the Bureau, and the whole amount of expenses of the Bureau shall be reported to the Comptroller of National Banks each year, and by him included in his annual report to Congress.

SEC. 44. The Comptroller of National Banks, in addition to the powers conferred upon him by law for the examinatian of national banks, is further authorized at least twice in each year, to cause examination to be made into the condition of the National Currency Bureau. The Comptroller shall include in his annual report to Congress the results of such examinations. The expenses necessarily incurred in any such examinatian shall be paid by the Bureau from its income. The Bureau shall cause to be posted in a conspicuous position in its principle office, and in every branch office, on every Thursday morning (or on the next succeeding business day if such Thursday be a legal-holiday) for the information of the public, a statement

of the financial condition of the Bureau at the commencement of business that day, showing among its liabilities the total amount of its notes outstanding; the total amount of its outstanding Redemption Fund bonds, and the balance of its income account. Also showing among its assets, the total amount of its holdings of gold coin; gold bullion; silver coin; silver bullion; (Treasury notes value) United States notes; United States Treasury notes of 1890, and United States Bonds (at ninety per centum of market or cash value). The statement shall also give the percentage of the Redemption Fund to the outstanding redeemable currency liability, and the chargeable rate on currency issued to national banks for the ensuing week, which rate shall be determined by the Redemption Fund percentage published therewith as herein provided.

SEC. 45. The Secretary of the Treasury is hereby authorized and directed to assign to the National Currency Bureau suitable rooms in the Treasury and Assistant Treasury buildings, for conducting the business of this Bureau during such time as may be necessary for the providing by the Bureau of offices or banking houses of its own as herein authorized.

SEC. 46. All laws or parts of laws in conflict with the above are hereby repealed.

29946

END OF
TITLE